

2SHB 2021 - H AMD 228

By Representative Wallace

ADOPTED 3/09/2009

1 On page 12, after line 26, insert the following:

2 "NEW SECTION. Sec. 14. (1) The Washington higher education loan  
3 program is created. The program is created to assist students in  
4 need of additional low-cost student loans and related loan benefits.

5 (2) The program shall be administered by the board. In  
6 administering the program, the board must:

7 (a) Periodically assess the needs and target the benefits to  
8 selected groups of students;

9 (b) Devise a program to address the following issues related to  
10 loans:

11 (i) Issuance of low-interest educational loans;

12 (ii) Determining loan repayment obligations and options;

13 (iii) Borrowing educational loans at low interest rates;

14 (iv) Developing conditional loans that can be forgiven in exchange  
15 for service; and

16 (v) Creating an emergency loan fund to help students until other  
17 state and federal long-term financing can be secured;

18 (c) Work with public depositories to implement the provisions in  
19 this chapter;

20 (d) Accept public and private contributions into the higher  
21 education loan program account;

22 (e) Publicize the program in partnership with the public  
23 depositories; and

24 (f) Work with public and private colleges and universities, the  
25 state board for community and technical colleges, the workforce  
26 training and education coordinating board, and with students, to  
27 conduct periodic assessment of program needs. The board may also  
consult with other groups and individuals as needed.

1        NEW SECTION.    **Sec. 15.**    The definitions in this section apply  
2 throughout this chapter unless the context clearly requires otherwise.

3        (1) "Board" means the higher education coordinating board.

4        (2) "Institution of higher education" means a college or  
5 university in the state of Washington that is accredited by an  
6 accrediting association recognized as such by rule of the board.

7        (3) "Needy student" has the definition in RCW 28B.92.030.

8        (4) "Program" means the Washington higher education loan program.

9        (5) "Resident student" has the definition in RCW 28B.15.012(2) (a)  
10 through (d).

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12        NEW SECTION.    **Sec. 16.**    The Washington higher education loan  
13 program account is created in the custody of the state treasurer.  
14 Expenditures from the account may be used only for the Washington  
15 higher education loan program including costs associated with program  
16 administration by the board. Only the director of the board or the  
17 director's designee may authorize expenditures from the account. The  
18 account is subject to the allotment procedures under chapter 43.88  
19 RCW, except for moneys used for program administration. An  
20 appropriation is not required for expenditures from the account.

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22        NEW SECTION.    **Sec. 17.**    (1) The state treasurer shall establish a  
23 higher education loan program for investment of deposits in qualified  
24 public depositories. As a condition of participating in the program,  
25 qualified public depositories must make qualifying loans as provided  
26 in this section. Subject to available funds, the state treasurer may  
27 purchase a certificate of deposit that is equal to the amount of the  
28 qualifying loan made by the qualified public depository or may  
29 purchase a certificate of deposit that is equal to the aggregate  
30 amount of two or more qualifying loans made by one or more qualified  
31 public depositories.

32        (2) Qualifying loans made under this section are those:

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1 (a) Having terms that do not exceed ten years commencing six  
2 months from the date the participant completes or discontinues the  
3 course of study;

4 (b)(i) Where an individual loan does not exceed resident  
5 undergraduate tuition and state-mandated fees at the most expensive  
6 Washington public institution of higher education for loans granted to  
7 students pursuing an undergraduate degree; or

8 (ii) Where an individual loan does not exceed resident graduate or  
9 professional tuition and state-mandated fees at the most expensive  
10 Washington public institution of higher education for loans granted to  
11 students pursuing a graduate or professional degree;

12 (c) That are made to resident students who are needy students;

13 (d) That are made to students attending an institution of higher  
14 education; and

15 (e) Where the interest rate on the loan to the student does not  
16 exceed an interest rate that is two hundred basis points below the  
17 interest rate the qualified public depository would charge for a loan  
18 for a similar purpose and a similar term, except that, if the  
19 preference given by the state treasurer to the qualified public  
20 depository under subsection (3) of this section is less than two  
21 hundred basis points, the qualified public depository may reduce the  
22 preference given on the loan by an amount that corresponds to the  
23 reduction in preference below two hundred basis points given to the  
24 qualified public depository.

25 (3) In setting interest rates of time certificate of deposits, the  
26 state treasurer shall offer rates so that a two hundred basis point  
27 preference will be given to the qualified public depository, except  
28 that the treasurer shall lower the amount of the preference to ensure  
29 that the effective interest rate on the time certificate of deposit is  
30 not less than two hundred basis points.

31 (4) The board may adopt rules to:

32 (a) Further restrict program eligibility based on financial need;

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1 (b) Ensure that when making a qualified loan under the program,  
2 students who have never received a loan under the program are given  
3 first priority;

4 (c) Limit the total principal loan amount that any one student  
5 receives in qualified loans under the program over the span of  
6 enrollment in institutions of higher education;

7 (d) Limit the total amount of any one qualified loan made under  
8 the program; and

9 (e) Limit the points or fees charged at loan closing."  
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11 Renumber the remaining sections consecutively and correct any  
12 internal references accordingly.  
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14 On page 13, after line 4, insert the following:

15 "NEW SECTION. **Sec. 15.** Sections 14 through 17 of this act  
16 constitute a new chapter in Title 28B RCW."  
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18 Renumber the remaining sections consecutively and correct any  
19 internal references accordingly.  
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21 Correct the title.  
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**EFFECT:** Creates the Higher Education Loan Program to be administered by the Higher Education Coordinating Board. Creates the Higher Education Loan Program and program account in the custody of the State Treasurer and establishes conditions under which loans may be made. Creates a new chapter in Title 28B RCW.

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